

**Michigan Clean Diesel Meeting
Conference Call –Minutes
February 6, 2008**

Participants

Donna Davis, Michigan Department of Environmental Quality
Judy Murphy, Cummins Bridgeway
Bob Chaprnka, Michigan Railroad Association
Dennis Antone,.Meridian Charter Twp.
Shane Patzner, Michigan Catapillar
Mark Waybright, Michigan Catapillar
John Griffin, Associated Petroleum Industries
John Dabels, EV Power Systems
Daniel Cherrin, North Coast Strategies, Inc.
Oliver Behr, Clean Emissions Fluids
David Shaw, Clean Emission Fluids
Carol Panagiotides, Michigan Department of Environmental Quality
Art Ebinger, Walmart
Tony Deutche, ???
John Zappala, Okemos School District
Audrey Wierenga, Michigan Department of Environmental Quality
Dan Kurzawski, Consolidated Energy Services
Marc Higginbotham, Norfolk Southern
Molly Polverento, Michigan Environmental Council
Erin Newman, Region V, U.S. Environmental Protection Agency
Sheila Batka, Region V, U.S. Environmental Protection Agency
Bob Rusch, Michigan Department of Environmental Quality
Mary Maupin, Michigan Department of Environmental Quality
Vince Hellwig, Michigan Department of Environmental Quality
Mary Lee Hultin, Michigan Department of Environmental Quality
Lisa Goldstein, Southwest Detroit Environmental Vision
Simone Sagovac, Southwest Detroit Environmental Vision
Julius Rim, Greenpower Energy Corporation
Dana Brewster, Engine Control Systems, Ltd.
Maggie Striz Calnin, Kuntzsch Business Services, Inc. - Lansing Clean Cities Coalition

Welcome and Overview – Judy Murphy, Cummins Bridgeway (slide presentation)

Judy Murphy is the Regional sales manager for Cummins. She is co-chairing the Michigan Clean Diesel Initiative (MiCDI) with Lisa Goldstein, who is Director of Southwest Detroit Environmental Vision.

When the Michigan initiative started, it was decided that having non-state agency chairs was important. If participants want to get more heavily involved in the group, let Judy, Lisa, or Michigan Department of Environmental Quality (MDEQ) know of the interest.

Michigan Clean Diesel Initiative (MiCDI)
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With the launch of the Midwest Clean Diesel Initiative (MCDI), it provided the states with more opportunity to move forward with clean diesel initiatives. The Diesel Emission Reduction Assistance (DERA) grants will be launched by the U.S. EPA, so the formation of a Michigan group supporting the MCDI is important. The original Planning Committee includes the two co-chairs, the MDEQ, and U.S. EPA Region V – they were tasked to organize the initial Michigan Initiative.

The objectives and tasks for the MiCDI are:

- Working with specific geographic areas and industry sectors of Michigan to identify where environmental improvements can be made through diesel emission reductions.

Tasks:

- Communicate current air quality status and identify geographic areas to focus improvement activities.
 - Identify major emission sources in the focused locations (i.e. specific industry sectors).
- Develop a list of technologies that can be used by these industry sectors.

Tasks:

- Create a list of available and pending technologies and educate members on industry specific emissions reduction technology and the benefits of (business case) for emissions reduction.
 - Develop ways to drive initiatives on a local level.
 - Brainstorm on innovative project options for potential funding.
- Acting as a conduit to help identify funding opportunities and resources that can be used to implement diesel reduction technologies and strategies.

Tasks:

- Identify and communicate funding sources to participant members.
- Provide resources for assistance with the application and grant processes

Michigan's Air Quality Status – Vince Hellwig, Chief of the Air Quality Division, MDEQ
(slide presentation)

Vince Hellwig gave an overview of the status of ozone and particulate matter attainment in Michigan (the federal standard). He showed which areas of the state are non-attainment for the 8-hour ozone standard. Mr. Hellwig also indicated that the U.S. EPA is considering lowering the ozone standard which would classify most Michigan counties as non-attainment. A 12-city national study, that included Detroit, showed increased health effects and death rate from high ozone levels and is the basis for U.S. EPA's consideration of lowering standard.

Past Diesel Emission Reduction Projects in Michigan – Bob Rusch, MDEQ

There have been a number of projects in Michigan that have been completed. A lot of these projects have been funded through federal highways administration Congestion, Mitigation and Air Quality (CMAQ) money, but these only cover projects in non-attainment areas. Some of these projects include diesel retrofits and alternative fuels. The following are examples:

- Six older diesel buses in Lansing have been switched to hybrid buses.
- Berrien county is having diesel street sweepers replaced with Compressed Natural Gas sweepers.
- Genesee county is having a hydrogen fueling station installed.
- Auxiliary Power Units (APUs) are being installed on switch engines in Detroit.

The Clean School Bus USA program has funded projects throughout the state and also the state's compliance and enforcement, Supplemental Environmental Project (SEP) funding has been used for retrofits in select areas.

Additional resources include U.S. EPA's SmartWay Program, which lists other projects for fleets (www.epa.gov/smartway). One success story includes A.D. Transport Express, a SmartWay partner and a national transport company. They received funding from the U.S. EPA for \$45,000 and purchased APUs. They not only showed emission reductions, but fuel savings and driver satisfaction as well with the units. The company later purchased additional APUs with their own funds, recognizing the benefits.

Mr. Rusch stated that other possible projects include propane injection into diesel engines which in turn, reduces fuel usage.

Funding Options – Sheila Batka and Erin Newman, Region V, U.S. EPA (slide presentation)

The Midwest Clean Diesel Initiative (MCDI) was started 2004 and the goal is to impact 1 million engines by 2010. To date, the MCDI has impacted approximately 369,000 engines in Region V.

DERA, also known as the Diesel Emissions Reduction Act, recently received funding from Congress, and there are funds available for national projects and for state diesel emission reduction programs.

The National Clean Diesel Funding Assistance Program

There is currently \$27.6 million available nationally for this part of the program (approximately \$4.6-5 million to be distributed in the Region V Midwest states, and competition will be based on a Request for Proposal (RFP) system. The Office of Air and Radiation out of Region V will run this program. Eligible entities include regional organizations, state, local tribal or port agencies with jurisdiction over transportation or air quality; and non-profit organizations that represent or provide pollution reduction or educational services to persons or organizations that operate diesel fleets, or has as its principle purpose the promotion of transportation or air quality.

At least 50% of funding needs to be for benefit of a public fleet and must include a U.S. EPA or California Air Resources Board (CARB)-verified or certified technology. There is a list on EPA's web site of verified technologies.

The RFP is expected to be released by **March 14, 2008**, and U.S. EPA expects to receive funding requests for projects that have a minimum threshold around \$100,000. Therefore, U.S. EPA encourages applicants to partner and leverage their resources when they apply.

Question: Could a contractor request funding for an engine upgrade of construction equipment? Texas is looking at using funds for something like this.

Answer: Applications for developing innovative financing or revolving loan programs will also be accepted. . This may be the best match for a company looking to do upgrades.

Loan programs which are more limited in geographic scope would be most applicable to this funding. National loan program should apply to the The National Clean Diesel Finance Program program under DERA. More guidance on this will be available soon.

Question: Are you looking to fund subsidizing fleets?

Answer: Yes, but eligibility of fleets may depend on ownership or if they are involved in public activities.

Question: Could a private company (i.e. a refuse hauler) apply directly or would there have to be a pass through organization? Or, would they have to partner with eligible entity?

Answer: Private entities should partner with a public organization or agency. Typically a public entity will have written into their contract the requirement that vehicles receiving equipment upgrades must remain in service at a company and in the geographic area for three to five years. Examples would include garbage haulers, municipal transit fleets and street sweepers.

Question: Is it recommended that smaller municipalities apply together to increase the chance of funding?

Answer: Yes.

Question: Who will be responsible for operating the grant project?

Answer: Whoever is the grant applicant and recipient will operate the grant project. The grant agreement will be between that organization and US EPA Region V.

The National Clean Diesel Funding Assistance Program RFP will stay open for 90 days (versus the typical 60 days).

The National Clean Diesel Finance Program

There is approximately \$3.5 million of loan funds available, and this program will be run out of U.S. EPA headquarters' Office of Transportation and Air Quality (versus the regions). Guidance

on how this program will be structured and the eligibility requirements of the program will be available by soon and a RFP will be available this spring.

The purpose of the finance program is to fund low cost loans for fleets and to structure other creative financing (i.e. loans for idle reduction, pay back through fuel savings costs, etc.).

Question: Who will operate the loan?

Answer: Whoever applies for the loan will operate the program.

Clean Diesel Emerging Technologies

This is a separate grant competition from the National Funding Assistance Program. U.S. EPA headquarters' Office of Transportation and Air Quality will also coordinate this program. It is for projects using emerging technologies that are not yet verified. At present, there are no technologies on the official list of emerging technologies. Technologies being considered need to have their testing protocols approved by the U.S. EPA. The goal of this program is to encourage the development of more verified technologies, and applications for the emerging technologies program can be placed while the technology is waiting for verification.

Funds not utilized from this program can revert to regional programs for National Clean Diesel Funding.

Question: Are emerging technology funds available to get technologies on the verified list?

Answer: The U.S. EPA is hoping to get more technologies verified through this process. However, the Emerging Technologies provisions are not for funding directly to technology manufacturers and it is not for the costs of testing related to verification or certification.

Question: Consolidated Energy Services is working on propane injection. They want to get on verified list. Their technology offers decreased emissions and increase efficiency. Who can they talk to at the U.S. EPA about this? Is there a particular contact to speak to?

Answer: Dennis Johnson of the U.S. EPA at 202-343-9278.

State Clean Diesel Program

This program will be administered out of the U.S. EPA regions and it is an allocation program so the states are not competing against one another for funding. The grant is to be used by states to start or maintain a clean diesel program, or for projects that they state would like to implement that provide for emission reductions, therefore the grant will most likely come to the state environmental agency. All states will need to do is submit a letter of intent to apply for the grant money. It is anticipated that the letters of intent will be due to the U.S. EPA by mid-April. Once the letters of intent are received, the U.S. EPA regional offices will work directly with the applicant organizations to develop an appropriate workplan to receive funding.

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Question: Is there a possibility of funding diesel reduction activities related to the MDOT's 2-year I-75 gateway construction project in Southwest Detroit?

Answer: Donna Davis MDEQ-will check with MDOT to get them more involved. Sheila Batka of the U.S. EPA recounted how low sulfur fuel and reduced idling practices were used for the Dan Ryan expansion construction project in Chicago.

Action Item: Donna Davis will check on the status of MDOT's participation with the MiCDI, and whether or not grant monies can be used for the I-75 project in Detroit.

Question: In an effort to build partnerships could we get a contact list of participants in the initiative and on today's conference call?

Answer: Donna Davis will distribute a copy of the list of agreed participants in the MiCDI. She will eventually establish a website that will be an information exchange forum.

Action Item: Donna Davis will put together a list of MiCDI participants that includes those who participated on today's conference call.

Question: Could the Detroit Intermodal Freight Terminal (DIFT) project apply? There is some involvement of MDOT.

Answer: The state and U.S. EPA are unsure at this point. It will depend on what the RFP says once it is issued. There may be some leeway in who can apply (i.e. other parts of the state of Michigan).

Question: Can we call the state or the U.S. EPA with ideas?

Answer: Yes. This is an information sharing coalition. It is expected that eventually, the MiCDI will have its own web page for sharing this type of information.

The U.S. EPA encouraged call participants to inform other interested parties about the existence of the MiCDI. The state will follow up on any leads forwarded by existing members.

The MiCDI plans to have an in-person meeting which is tentatively scheduled for March 25, 2008 at Cummins Engine in New Hudson, Michigan. More information will be provided at a later date.